

VISIT...

LANZAROTE
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Estimating & Bidding

Art?
or
Science?



Hourly or Job Bids?

The speed of going broke



Bid by the Hour

- If the project is not well defined
- If the project is not on a fixed schedule
- If you are consulting
- If you don't trust the client
- If you will be used as temp labor
- For most agency work

You get:

- Less autonomy
- Regular \$
- Lower risk



Bid by the Job

- When the project is clearly defined
- When the client is on a 'fixed' budget
- When you can do the job at a rational rate
- When you trust the client

You Get:

- Complete autonomy
- Possibly more \$
- Higher risk



The Fixed Bid Decision

- Project Definition
 - Fixed/Variable
 - Creeping Features
- Project Schedule
- Project location
 - Amount of time on/off site?
 - Commute time to site



Fixed Bid Issues

- Client expectations are different
 - Viewed as a commodity
 - Delivery becomes paramount
- Your problems are yours alone
- NO Whining !!!!



Elements of Estimating

- External (the definition)
- Internal (rate)
- Framework



The Framework

A place to hang all that estimating and bidding



Contracts

- More explicit for a fixed bid
 - Clearly defined project and deliverables description
 - Client Deliverables
 - Your Deliverables
 - Schedule of Work
 - Payment Schedule
- Definite CYA needed



Boundaries

- You can't get something for Nothing
 - Clients expect to see something for their \$
- Provide enough – but not too much
 - Client could use your estimating work without payment



The Pieces

The Definition and the Rate



Defining the Project

- Create a clear picture of what is to be delivered
 - Product definition/specification
 - Create outline
 - Compare similar or recommended documentation
 - Scope expected work and schedule
- Identify source of materials
 - SME's
 - Style Guides
 - Source type/compatibility
 - Prototypes
- Provide a schedule
 - Yours
 - Clients

Rate Setting

- Set a Rational Rate
 - Living wage
 - ROI
- Estimate your overhead
 - Office space (rent, utilities, etc.)
 - Insurance
 - Equipment & software
- Estimate your one time costs
 - Telephone
 - New hardware/software requirements

Rational Rate Example

Desired 'take home' pay = \$62500 ('99 median)
 Billable hours per year
 52 weeks @ 40 hours = 2080
 Less vacation/sick
 3 wks (120 hrs) = 1960
 Less 10 holidays (80 hrs) = 1880
 Less Admin
 4 hrs/wk (208 hrs) = 1672 hours/yr
 Raw Rate = 62500/1672 = \$37.38/hr

Overhead
 \$1000/mo, in billable hours = \$6.25/hr
 ROI
 10k investment 20% return
 \$2k/yr by 1672 hrs = \$1.20/hr

Rational Rate = **\$44.83**

Putting it Together

The hours in a project

Counting the Hours

- How much time will the project take
 - The number of hours forms the basis for the estimate
- Using Software for Estimating
- Industry Metrics
 - PPD
 - Hours per topic
- Experience
- Project scope

Project Scope

- The outline defines *what*
- You define *how*
 - List all the separate tasks
- Assign the tasks to the outline
- Assign time to the tasks
- Total it up
- Reality check

Project Scope Tasks Example

- Print Tasks
 - Create New Pages
 - Revise Existing Pages
 - Format Provided Pages
 - Create New Illustration
 - Revise Existing Illustration
 - Capture Screens
- On-Line Tasks
 - Create Topic
 - Revise Topic
 - Link Topic
 - Index Topic
 - Create New Graphics
 - Revise existing graphics
 - Create PDF format

[illegible]

	Female Survival	Female Mortality	Female Chick/Adult	Male Survival	Male Mortality	Male Chick/Adult
Female						
Great Melt	0	0	0	0	0	0
Spring Melt	12	0	0	2	0	0
Summer Melt	10	0	0	10	0	0
Autumn and Post-Autumn	16	0	0	3	0	0
Post-Autumn and Post-Winter	16	0	0	1	0	0
Post-Winter	16	0	0	0	0	0
Female Mortality	0	0	0	0	0	0
Spring Mortality	14	0	0	0	0	0
Summer Mortality	14	0	0	0	0	0
Autumn and Post-Autumn	14	0	0	0	0	0
Post-Autumn and Post-Winter	14	0	0	0	0	0
Post-Winter	14	0	0	0	0	0
Female Chick/Adult	0	0	0	0	0	0
Male						
Great Melt	0	0	0	0	0	0
Spring Melt	10	0	0	0	0	0
Summer Melt	10	0	0	0	0	0
Autumn and Post-Autumn	10	0	0	0	0	0
Post-Autumn and Post-Winter	10	0	0	0	0	0
Post-Winter	10	0	0	0	0	0
Male Mortality	0	0	0	0	0	0
Spring Mortality	0	0	0	0	0	0
Summer Mortality	0	0	0	0	0	0
Autumn and Post-Autumn	0	0	0	0	0	0
Post-Autumn and Post-Winter	0	0	0	0	0	0
Post-Winter	0	0	0	0	0	0
Male Chick/Adult	0	0	0	0	0	0

Estimating \$\$

- Rough Estimate = (Project Hours * Rational Rate) + (Monthly Overhead * Number of Months) + One Time Costs
- Apply a variance (uncertainty) to rough estimate
- Reality Check and adjust

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Creating a Bid

Making it Presentable

Making it Presentable



Bid Elements

- Your project definition
- Your estimate of schedule
 - Time estimates
 - Calendar estimates
- Any outside resources you plan to use
- Client's total cost
 - Do not include your detailed breakdown
 - Expected & Worst Case
- Payment schedule

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Justifying the Bid

- You will be asked to justify the estimate – be prepared
- Be sure you have reality checked:
 - The numbers
 - The schedule
- Use the detailed project definition to negotiate

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Delivering

I got the job - now what?

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Doing the Job

- Track your project
 - Tasks in Project Scope
 - Schedule – meeting deliverables
- Communicating progress
 - Status report
 - No surprises – changes in schedule clearly stated
- Invoicing as agreed



After the Job

- Autopsy your project
 - Schedule
 - Payments
 - Tasks
- Follow-up with client
 - What worked
 - What didn't
- Adjust your estimating model



Evaluating the Job

- When it all goes wrong
 - Evaluate the bid against reality
 - Assign blame
 - Negotiate a change if necessary or possible
 - Score one for experience, the price of learning
- When it goes TOO right
 - Take the money and run
 - Invoice honestly
 - Split the difference



Bidding/Estimating QRG

1. Create a detailed definition of the project
2. Break the project into tasks
3. Assign the tasks to the definition
4. Estimate time
5. Estimate \$
6. Create bid/estimate
7. Track the project
8. Follow-up




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